


UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK
UNITED STATES COURTHOUSE
500 PEARL STREET
NEW YORK, NEW YORK 10007-1581
(212) 805-6325

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CHAMBERS OF
COLLEEN McMAHON
UNITED STATES DISTRICT JUDGE

TO: All counsel in Levy v. Yaacov Koren, 07 Civ. 896 (CM)

FROM: Judge McMahon 

DATE: September 22, 2008

RE: Pending motion

Counsel:

When I picked up a draft of the decision on the pending motion from my law clerk and began immersing myself your briefs, I learned for the first time that Comverse, the issuer in the case, had a couple of what are described therein as "joint ventures" with Soros Fund Management, Inc. This was not mentioned in Comverse's Rule 1.7 Statement (nor, frankly, do I think it should have been).

From 1998-2004, my husband was the head of Private Equity for Soros Fund Management. I have checked with him, and he advises that Soros, through an entity called the Quantum Fund, had and perhaps still has what he described as a small investment in the entities known as Comsor Venture Fund LDC and Comsor Investment Fund, LCD. Although my husband is no longer employed by the Soros organization, he has some continuing interest in Quantum, and hence in its investments.

The fact that Soros/Quantum and Comverse are co-investors in the Comsor Funds, in and of itself, would not give rise to any reason to disqualify myself from this matter. It does not appear that the issue to be decided in this case – whether Yaakov Koren is a statutory insider in Comverse for purposes of Section 16(b) of the Securities and Exchange Act – is in any way affected by this joint investment. My husband has no financial interest in Comverse, the company that is the subject matter of this lawsuit, and no other financial interest that would appear to be affected by the result in this case. I cannot see any way in which Quantum's investment in the Comsor Funds would be impacted if plaintiff were to prevail and Comverse were to recover Koren's short-swing profits. I therefore see no reason to recuse myself from the matter.

If anyone feels differently, please send a letter by the close of business tomorrow, explaining how my husband's interest in Quantum could be affected by the outcome of this lawsuit.